



COMMUNITY DEVELOPMENT COMMISSION

County of Los Angeles

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

Carlos Jackson

Executive Director

June 1, 2004

Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY FISCAL YEAR 2004-2005 BUDGETS (ALL DISTRICTS)
(3 Vote)**

**IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE
COMMUNITY DEVELOPMENT COMMISSION:**

1. Adopt and instruct the Chairman to sign the Resolution approving the \$363,253,000 Fiscal Year 2004-2005 budget, which includes \$94,501,500 in Community Development Commission funding and \$268,751,500 in Housing Authority funding.
2. Determine that the use of \$99,589 for planning and administrative expenses charged to the Low- and Moderate-Income Housing Fund is necessary for production, improvement, or preservation of low- and moderate-income housing in the designated Redevelopment Project Areas of the County of Los Angeles.

3. Authorize the Executive Director of the Community Development Commission to each year set aside five percent of the annual allocation of City of Industry Redevelopment Housing Set-Aside Funds (Industry Funds) to provide funding for future years monitoring activities for the program.
4. Instruct the Executive Director to implement the budget, and to take all related actions, including the execution of all required documents, for the purposes described herein.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Adopt and instruct the Chairman to sign the Resolution approving the \$268,751,500 Fiscal Year 2004-2005 budget of the Housing Authority.
2. Instruct the Chairman to sign Federal Form 52574, as required by the U.S. Department of Housing and Urban Development (HUD), to certify approval of the Housing Authority's operating budget.
3. Instruct the Executive Director of the Housing Authority to implement the budget and to take all related actions, including the execution of all required documents, for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of the recommended actions is to establish new fiscal year appropriation authorities for the Commission and the Housing Authority for ongoing and anticipated activities and to approve related actions.

FISCAL IMPACT/FINANCING:

The Commission's budget includes \$803,000 in County general funds, which the Chief Administrative Officer is recommending to support the Office of Small Business and the University of California Cooperative Extension Program. These programs facilitate governmental procurement opportunities for businesses and provide educational programs for County-wide residents, respectively.

Funding for core programs such as the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Conventional Public Housing, and Section 8 Program will remain relatively stable, despite recent federal regulatory and legislative changes, which may impact these programs in the future. The Commission and Housing Authority continue to seek other sources of revenue to respond to the changing needs in the County and to mitigate any future reductions in federal funding.

For Fiscal Year 2004-2005, the Commission budget will be \$94,501,500 and the Housing Authority budget will be \$268,751,500. The budgets consist primarily of federal funding provided by HUD for housing and community development programs. Other federal revenue sources include the Economic Development Administration (EDA), which provides funding for the County Business, Earthquake, Utilities, and Technology Loan Programs, and the Federal Aviation Administration (FAA), which provides funding for the Lennox Sound Attenuation Program. Local revenue sources consist of public housing dwelling rental income and redevelopment tax increment funds, including those administered on behalf of the City of Industry.

Major Funding Sources

Four major funding sources will support Housing Authority programs during Fiscal Year 2004-2005. Section 8 Program subsidies are budgeted at \$205.4 million. Conventional Public Housing Program operating subsidies are budgeted at \$6 million, and rent revenues are budgeted at \$10 million. Public housing modernization funds are budgeted at \$7.5 million.

A total of \$4.7 million in general funds and reserves are budgeted for Fiscal Year 2004-2005. These funds will be used for high priority County initiatives that require additional funding, such as affordable housing construction and supportive services promoting self-sufficiency for families participating in Housing Authority programs.

Three major funding sources will support Commission programs during Fiscal Year 2004-2005. The 2004-2005 federal entitlement for the CDBG Program is budgeted at \$68.3 million and will be used by the Commission, the Housing Authority, 49 participating cities, eight County departments and 62 community-based organizations and other public agencies.

In conjunction with CDBG, the HOME and City of Industry programs will support housing development activities. HOME is budgeted at \$13.7 million to provide loans to developers, single and multi-family rehabilitation, and the first time homebuyers program. City of Industry Tax Increment funds are budgeted at \$20 million and will finance housing developments within a 15-mile radius of the City of Industry. To date, a total of \$109

million has been awarded, which has leveraged approximately \$634 million to develop 4,300 units of affordable rental, homeownership and special needs housing units.

Staffing

In Fiscal Year 2004-2005, the number of regular positions will increase from 552 to 557. The increase in five regular positions is primarily due to the addition of two new positions in the Traffic Violator School Monitoring Program and the conversion of three contract positions to regular status.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In January 2001, the Commission and Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2004-2005 marks the fourth year the Commission and Housing Authority will each be submitting a capital budget that details ongoing and future projects. The Fiscal Year 2004-2005 operating budgets include \$3 million in Housing Authority capital projects.

On May 25, 2004, your Board approved the 2004-2005 One Year Action Plan, which includes planned usage of CDBG, HOME and Emergency Shelter Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, and community-based organizations. The 2004-2005 One-Year Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year 2004-2005 budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2004-2005 budgets are necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify approval of the Housing Authority's operating budget. In addition, per the California Health and Safety Code, Section 33334.3, the Board must determine that a portion of tax increment funds set aside for the production, improvement or preservation of low- and moderate-income housing can be used for planning and administrative expenses, and that a total of \$99,589 may be used for this purpose during Fiscal Year 2004-2005.

Projects financed with Industry Funds are required to remain affordable and are monitored for 55 years. Five percent of the annual allocation of Industry Funds will be set aside to allow adequate funding for future years monitoring activities.

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County Counsel has approved the attached Resolutions as to form. On April 28, 2004, the Housing Commission recommended approval of the Housing Authority Fiscal Year 2004-2005 budget, and related actions.

CONTRACTING PROCESS:

HOME funds are available on a first-come, first-served basis to qualified for-profit and non-profit developers and Community Housing Development Organizations through an ongoing, open Request for Proposals (RFP) process that provides funding for housing development. Projects are selected to maximize the impact of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also available on a first-come, first-served basis to qualifying homebuyers and owners of single-and multi-family housing in need of rehabilitation.

Industry Funds are also allocated to developers through a competitive ongoing RFP process. These funds are used to develop multi-family rental, senior rental, affordable for-sale and special needs housing.

The award of CDBG funds to nonprofit agencies are allocated by each of the five Supervisorial Districts to conduct projects that address housing and community development needs of the County.

IMPACT ON CURRENT SERVICES AND PROJECTS:

Approval of the Fiscal Year 2004-2005 budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

CARLOS JACKSON
Executive Director

Attachments: 3

RESOLUTION APPROVING 2004-2005 FISCAL YEAR
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission and The Housing Authority of the County of Los Angeles for the 2004-2005 Fiscal Year, as set forth in the Annual Budget for the 2004-2005 Fiscal Year, which includes \$94,501,500 in funding for the Community Development Commission and \$268,751,500 in funding for The Housing Authority of the County of Los Angeles.

Estimated Funding: \$363,253,000

Expenditure and Reserve Appropriations: \$363,253,000

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of
the Board of Commissioners

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES

By: _____
Deputy

By: _____
Chairman

APPROVED AS TO FORM:

Office of the County Counsel

By: _____
Deputy

RESOLUTION APPROVING 2004-2005 FISCAL YEAR
BUDGET OF THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

WHEREAS, the Board of Commissioners of The Housing Authority of the County of Los Angeles has received the budget for the 2004-2005 Fiscal Year and has found:

1. That the proposed expenditures are necessary for the efficient and economical operation of housing programs for the purpose of serving low-income families.
2. That the financial plan is reasonable in that:
 - (a) It indicates a source of funding adequate to cover all proposed expenditures.
 - (b) It does not provide for use of federal funding in excess of that payable under the provisions of 24 Code of Federal Regulations, Section 990.
3. That all proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contributions Contracts with the U.S. Department of Housing and Urban Development.
4. That no employee reflected in the operating budget is serving in a variety of positions which will exceed a 100% allocation of his or her time.
5. That the U.S. Department of Housing and Urban Development requires that the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.

WHEREAS, it is necessary for the Board of Commissioners of The Housing Authority of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, the Board of Commissioners of The Housing Authority of the County of Los Angeles, hereby resolves as follows:

1. The above recitals are true and correct.
2. The Housing Authority of the County of Los Angeles adopts the following budgeted revenues and appropriations for the 2004-2005 Fiscal Year, as set forth in the Annual Budget for The Housing Authority of the County of Los Angeles:

| | |
|-------------------|----------------------|
| Estimated Funding | <u>\$268,751,500</u> |
|-------------------|----------------------|

| | |
|---|----------------------|
| Expenditure and Reserve Appropriations: | <u>\$268,751,500</u> |
|---|----------------------|

3. That the use of Section 8 Operating Reserve funds for other housing purposes, in the amount of \$50,000 or greater, must be approved by the Board of Commissioners.
4. This Resolution shall take effect immediately.

ATTEST:
VIOLET VARONA-LUKENS
Executive Officer-Clerk of
the Board of Commissioners

THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By: _____
Deputy

By: _____
Chairman

APPROVED AS TO FORM:

Office of the County Counsel

By: _____
Deputy

PHA/IHA Board Resolution

Approving Operating Budget or Calculation of
Performance Funding System Operating Subsidy

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0026 (Exp. 6/30/2001)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income housing program and provides a summary of proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the PHA and the amounts are reasonable and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

Acting on behalf of the Board of Commissioners of the below-named Public Housing Agency (PHA)/Indian Housing Authority (IHA), as its Chairman, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

(date)

- ☒ Operating Budget Submitted on: June 1, 2004
- ☐ Operating Budget Revision Submitted on: _____
- ☐ Calculation of Performance Funding System Submitted on: _____
- ☐ Revised Calculation of Performance Funding System Submitted on: _____

I certify on behalf of the: (PHA/IHA Name) Housing Authority of the County of Los Angeles (HACoLA)
that:

1. All regulatory and statutory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditures are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The calculation of eligibility for Federal funding is in accordance with the provisions of the regulations;
6. All proposed rental charges and expenditures will be consistent with provisions of law;
7. The PHA/IHA will comply with the wage rate requirements under 24 CFR 968.110(e) and (f) or 24 CFR 905.120(c) and (d);
8. The PHA/IHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i) or 24 CFR 905.120(g);
and
9. The PHA/IHA will comply with the requirements for the reexamination of family income and composition under 24 CFR 960.209, 990.115 and 905.315.

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

| | | |
|------------------------------|-----------|------|
| Board Chairman's Name (type) | Signature | Date |
| | | |